

Luxembourg, 13 December 2023

Environmental and Social Data Sheet

Overview

Project Name:	AZINTELECOMS DATA CENTRE
Project Number:	2023-0381
Country:	AZERBAIJAN
Project Description:	The project relates to the deployment of a governmental cloud infrastructure to be used by the Azerbaijan public administration. The project consists of the construction of the first phase of a large Tier III Data Centre (DC) infrastructure close to Baku, Azerbaijan and a Disaster Recovery Centre (DRC). Each of the Centres will have both a Cloud module (including all of the IT equipment) and a Colocation Module ready for the installation of the customers IT equipment.
EIA required:	No

Project included in Carbon Footprint Exercise¹: No
 (details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

Environmental Assessment

The project is still in its initial design phase, and the final location for the DRC (Disaster Recovery Center) has only been recently chosen.

The promoter is currently performing the technical designs of the two project components. Once completed, each of the project's components will need to apply for permits from, amongst others, the Ecology and Natural Resources Ministry of the Republic of Azerbaijan (Ekologiya və Təbii Sərvətlər Nazirliyi), the water infrastructure authority (Azersu), the electricity infrastructure authorities / grid operators (Azərişiq and Azərenerji) as well as a geological and topological inspection on both sites. By requesting these permits, the promoter ensures the full compliance with all relevant and applicable Environmental Legislation. As part of this approval process, the competent authorities might request the promoter to perform an environmental impact assessment (EIA).

As a condition for a first disbursement, the EIB will request the following documents: (i) delivery of the opinion of the competent authority on the application of the national EIA regulation (and if required by the competent authority, development of the EIA in accordance with the national procedures); (ii) the completion of the ESIA and ESMP in compliance with the EIB's environmental and social standards; and (iii) delivery of documentary evidence issued by the Competent Administrative Authorities that all final construction and environmental permits have been granted.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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Due to the lack of the complete technical design, the promoter has not provided a Climate Risk Vulnerability Assessment (CRVA). The completion of such a CRVA in line with the EIB Standard 5 "Climate Change" and the implementation of the potential adaptation measures identified in the assessment will be set as a condition for first disbursement.

The earthquake hazard in Azerbaijan is classified as high². According to this classification, there is more than a 20% chance of potentially-damaging earthquake shaking in the project area in the next 50 years. The promoter will need to ensure as a condition for first disbursement that the project's design and construction standards will result in the project being protected against such a potentially-damaging earthquake.

Telecommunication infrastructure (including Data Centers) are the basic components for the digitalisation of all sectors of the economy. They are essential to enable the deployment of low carbon and decarbonisation scenarios leading to significant sustainability benefits across the whole economy. Not being a hyperscale Data Center, the project fulfils the Paris Alignment criteria as set out in the EIB's CBR (Climate Bank Roadmap).

EIB Paris Alignment for Counterparties (PATH) Framework

As a Public Sector Entity, the counterparty is in scope but it is screened out for the PATH framework as its activities are not included in the list of EIB sub-sectors and segments in high emitting sectors and for high vulnerability.

Social Assessment, where applicable

The IT systems financed by the Bank are expected to stimulate a broader digitalisation of the public sectors in the country, which will generate wide-ranging socio-economic benefits. On the other hand, inadequate management of personal data and cybersecurity threats could lead to data protection risks. The delivery of a satisfactory independent assessment of the national GDPR (General Data Protection Rule) will be set as a condition for first disbursement.

E-government promotes citizens' interactions with public administration, enhances awareness of citizens toward government programs, improves the transparency of public decisions, and increases public service efficiency.

Other Environmental and Social Aspects

Based on the information currently available to the EIB, the main adverse environmental impacts during construction will result from the permanent change in land use, construction activities and the operation of construction machinery and construction vehicles. The main adverse social impacts and risks identified so far relate to a moderate influx of labour force, risks related to labour and working conditions and the risks related to the breach of data protection. According to the promoter, details on the impact will only be available after the comprehensive technical design is completed.

In terms of energy efficiency of the building, the promoter will apply for LEED certification as part of the design process. The detailed level of LEED certification is still to be defined.

During operation, the main environmental impact is related to the demand of electrical power required to operate the IT equipment and the related cooling capacity. The IT solutions that will

² As per the the Thinkhazard tool of the Worldbank's Global Facility for Disaster Reduction and Recovery (GFDRR)



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be hosted in the project are currently hosted in different IT centres throughout the country and managed by the different public authorities. The bundling of all these IT solutions under one more efficient infrastructure will lead to overall energy efficiency improvements. However, due to constant technological changes, these improvements have not been quantified.

Conclusions and Recommendations

The project is still in its initial technical design and the promoter is currently performing the detailed design of the two projects components. As part of the approval process, the competent authorities might request the promoter to perform an environmental impact assessment (EIA).

Under all the above mentioned conditions, the project is considered to be acceptable in environmental and social terms for the Bank's financing.